MAINE STATE LEGISLATURE

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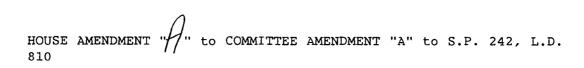


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2	DATE: 2-21-02 (Filing No. H-824)
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6	Reproduced and distributed under the direction of the Clerk of the House.
8	STATE OF MAINE
10	HOUSE OF REPRESENTATIVES 120TH LEGISLATURE
12	SECOND REGULAR SESSION
14	HOUSE AMENDMENT " to COMMITTEE AMENDMENT "A" to S.P. 242,
16	L.D. 810, Bill, "An Act to Amend the Laws Governing the Deduction of Pension and Retirement Benefits from State Income Tax"
18	Amond the amondment in costion I by striking out all of
20	Amend the amendment in section 1 by striking out all of paragraph M and inserting in its place the following:
22	'M. An-amount,fer For each taxpayer who is a primary recipient of benefits under an employee retirement plan or
24	who is 65 years of age or older on the last day of the
26	taxable year who has interest, dividends or net capital gains taxable in this State that are included in federal
	adjusted gross income modified as otherwise provided by this
28	<u>section</u> , <u>an amount</u> that is the lesser of:
30	(1) Six-thousand-dollars-reduced-by-the-total-amount of-the-primary-recipient's-social-security-benefits-and
32	railread-retirement-benefits-paid-by-the-United-States,
34	but-not-less than-\$0. The following amounts reduced by the total amount of the primary recipient's social
	security benefits and railroad retirement benefits paid
36	by the United States, but not less than \$0, for each tax year beginning in the following years. The
38	reduction does not apply to benefits paid under a
	military retirement plan;-er:
40	(a) 2002, \$8,000;
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44	(b) 2003, \$9,000;
44	(c) 2004, \$10,000;
46	(d) 2005, \$11,000;
48	(4) 2003, \$11,000;
	(e) 2006, \$12,000;

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HOUSE AMENDMENT





2	(f) 2007, \$13,000;
4	(g) 2008, \$14,000;
6	(h) 2009, \$15,000;
8	(i) 2010, \$16,000;
10	(j) 2011, \$17,000; and
12	(k) 2012 and after, \$20,000; or
14	(2) The <u>taxpayer's</u> aggregate of <u>interest, dividends,</u> net capital gains taxable in this State and pension
16	benefits received by <u>as</u> the primary recipient under employee retirement plans and included in federal
18	adjusted gross income modified as otherwise provided by this section. Items of interest, dividends and net
20	capital gains income from jointly owned accounts must be apportioned equally among owners of the accounts.
22	For purposes of this paragraph, "employee retirement plan"
24	means a state, federal or military retirement plan or any other retirement benefit plan established and maintained by
26	an employer for the benefit of its employees under Section 401(a), Section 403 or Section 457(b) of the Code.
28	"Employee-retirement-plan"-does-not-include, an individual retirement account under Section 408 of the Code, a Roth IRA
30	under Section 408A of the Code, a rollover individual retirement account, a simplified employee pension under
32	Section 408(k) of the Code or an ineligible deferred compensation plan under Section 457(f) of the Code. For
34	purposes of this paragraph, "military retirement plan" means benefits received as a result of service in the active or
36	reserve components of the Army, Navy, Air Force, Marines or Coast Guard. For purposes of this paragraph, "primary
38	recipient" means the pension recipient upon whose earnings the pension is based or the surviving spouse of such a
40	person;'
42	FISCAL NOTE
44	2002-03
46	REVENUES
48	General Fund (\$5,776,192)

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HOUSE AMENDMENT



HOUSE AMENDMENT "H" to COMMITTEE AMENDMENT "A" to S.P. 242, L.D.

Other Funds (316,837)

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This amendment includes interest, dividends and capital gains income to the maximum allowable income tax deduction for certain taxpayers beginning in tax year 2002. This change will decrease individual income tax collections by \$6,093,029 in fiscal year 2002-03. The reduction of these tax collections will decrease the amounts transferred to the Local Government Fund for state-municipal revenue sharing in that year by \$316,837. resulting net reduction of General Fund revenue will be \$5,776,192 in fiscal year 2002-03. The estimated total decrease in individual income tax in fiscal year 2003-04 and fiscal year 2004-05 is \$5,010,544 and \$5,614,285, respectively.

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The bill as amended by this amendment would result in a net reduction of General Fund revenue of \$12,742,475 in fiscal year 2002-03.

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SUMMARY

This amendment includes interest, ordinary dividends and capital gains within the definition of retirement income included in the calculation of the income tax deduction for retirement income if those items are taxable in this State and at least one taxpayer included on the tax return is at least 65 years old.

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Harold A Clough (Representative CLOUGH)

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TOWN: Scarborough

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